

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U39G) for Approval of Peak Day Supply Standard Pursuant to Decision 23-11-069.

Application 24-07-020

**DECISION APPROVING PACIFIC GAS AND ELECTRIC COMPANY’S
PEAK DAY SUPPLY STANDARD THROUGH WINTER 2026/2027**

Summary

This decision approves a proposed settlement (Settlement Agreement) reached between the applicant, Pacific Gas and Electric Company (PG&E), and the solitary protestant, The Utility Reform Network (TURN), regarding PG&E’s use of a Peak Day Gas Supply Standard (PDSS) for the winter seasons in years 2024/2025 through 2026/2027. PG&E and TURN jointly seek our approval of their proposed Settlement Agreement, which resolves all issues in this proceeding. We approve use of the proposed PDSS as set forth in their proposed Settlement Agreement and the parties Joint Motion for Approval of a Settlement Agreement

(Joint Motion for Settlement Approval) for the period requested.¹ The entire Settlement Agreement is attached to this decision as Attachment 1.

1. Background

The development of a Peak Day Supply Standard (PDSS) began in 2019, several years before this proceeding was filed, in connection with Pacific Gas and Electric Company's (PG&E) then pending Gas Transmission and Storage rate case. In Decision (D.) 19-09-025, the Commission approved PG&E's proposed PDSS, which was referred to then as the "Reliability Standard."²

In its 2023 General Rate Case (GRC) application, PG&E provided an updated PDSS analysis. The Commission modified certain aspects of PG&E's PDSS and approved its use "for the [single] winter of 2023 through 2024."³ The Commission also explained that further revisions to the PDSS would help assess "the [gas] demand and available supply on a peak day," to assure that "PG&E has sufficient gas transmission and storage resources."⁴ Consequently, the Commission directed PG&E to file this application so as to update the PDSS for the next three winters, 2024/2025 through 2026/2027. The Commission pointed out its expectation that PG&E improve its methodology for calculating its PDSS, as well as improve the inputs thereto, by including "changed circumstances, such as changes in the operation of Diablo Canyon Power Plants after 2025, the

¹ The proper calculation of the Peak Day Supply Standard for winter seasons 2027/2028 and beyond, will be addressed in PG&E's pending General Rate Case, Application (A.) 25-05-009.

² Decision (D.) 19-09-025 at 28-29.

³ D.23-11-069 at 159.

⁴ *Id.* at 151 - 153. A "peak day" in the context of this proceeding is the highest demand for gas occurring in a ten-year period, which consistently occurs during winter.

Preferred System Study, the latest *California Gas Report*, and the impact of new well-inspection regulations on gas storage capacity, among others.”⁵

PG&E submitted its application to initiate this proceeding on July 31, 2024.⁶ In its application, PG&E noted that it had already conducted outreach to stakeholders concerning the PDSS analysis proposed in its application.⁷ PG&E also submitted prepared testimony to the Commission to support its proposed PDSS analysis.⁸

On September 3, 2024, TURN filed a timely protest, and a week later PG&E filed a response to TURN’s protest.

The Administrative Law Judge (ALJ) held a prehearing conference on January 17, 2025.

⁵ *Id.* at 159.

⁶ D.23-11-069 required PG&E’s updated PDSS analysis to be submitted within 180 days of the issuance of D.23-11-069. However, pursuant to Commission Rule 16.6, the Commission’s Executive Director granted an extension of the deadline set by D.23-11-069 for PG&E to file its application initiating this proceeding. PG&E filed its application in a timely manner according to the extension granted by the Executive Director.

⁷ Application at 4-5. The critical values (i.e., projections or data points) used by PG&E to project what investments PG&E should make in its gas system to safely operate the system in the winter months of 2024/2025 through 2026/2027 were set forth in Table 1 on page 6 of PG&E’s Application as were the values PG&E shared with stakeholders before instituting this proceeding. Table 1 in this decision shows critical values after PG&E and TURN settled their disputes compared to the values PG&E initially showed to stakeholders.

⁸ PG&E’s prepared testimony is marked for identification as Exhibits PGE-01 and PGE-02, and PG&E’s workpapers are marked as Exhibit PGE-03. TURN’s prepared testimony is marked for identification as Exhibit TURN-01 through TURN-03. On July 24, 2025, PG&E and TURN filed a Joint Motion for Admission of Exhibits PG&E-01 through PG&E-03 and TURN-01 through TURN-03. This motion was amended to correct technical flaws and filed on April 1, 2026 (Amended Joint Motion for Admission of Exhibits). The April 1, 2026 Amended Joint Motion for Admission of Exhibits is granted, and all three PG&E exhibits and all three TURN exhibits are admitted into the evidentiary record.

On April 17, 2025, Commissioner Douglas issued a Scoping Memo and Ruling (Scoping Memo) in which she identified a single issue to be decided: “Did PG&E comply with the requirements in D.23-11-069 for updating the Peak Day Supply Standard Analysis (referred to herein as Peak Day Demand projections)?”⁹ Shortly thereafter, on April 22, 2025, TURN filed a motion to clarify and modify Commissioner Douglas’s Scoping Memo. On May 12, 2025, Commissioner Douglas resolved TURN’s motion by granting it in part and denying it in part. She rephrased the single issue in the proceeding by deleting the parenthetical phrase included in her initial scoping memo and otherwise denied TURN’s motion seeking further revisions.

On May 14, 2025, TURN submitted its testimony, which has been marked and is identified as Exhibits TURN-01, TURN-02, and TURN-03.¹⁰ On May 15, 2025, PG&E filed a motion in limine to strike approximately 100 pages of TURN’s Exhibits TURN-01 through TURN-03. On May 16, 2025, TURN filed its response to PG&E’s motion to strike.

On May 28, 2025, PG&E submitted its rebuttal testimony, which has been marked for identification as Exhibit PG&E-03.¹¹

1.1. Submission Date

This matter was submitted on April 1, 2026, upon the filing of PG&E and TURN’s Amended Joint Motion for Admission of Exhibits.

⁹ Scoping Memo at 7.

¹⁰ See note 8, *above*.

¹¹ Exhibit PGE-03 is admitted, *see* note 8, *above*.

2. Issues Before the Commission

The Commission must decide whether to grant the Joint Motion for Settlement.¹² The Commission only approves settlements that are “reasonable in light of the whole record, consistent with the law, and in the public interest.”¹³

3. Overview of the Settlement

The Settlement Agreement resolves all disputed issues in this proceeding by:

1. Revising the PDSS for winter 2024/2025 through 2026/2027;
2. Providing that PG&E’s PDSS application, as modified by the Settlement Agreement, complies with D.23-11-069;
3. Providing that discovery responses from this proceeding can be used in other proceedings, including PG&E’s 2026 GRC;
4. Providing that Advice Letter 4886-G concerning firm gas storage held by PG&E for core gas customers will remain in effect until a decision in PG&E’s 2026 GRC;
5. Supporting the closing of this proceeding upon approval of the Settlement Agreement;
6. Providing that, consistent with Rules 12.1(a) and 12.5 of the Commission’s Rules of Practice and Procedure (Rule), the PDSS agreed to in the Settlement Agreement is not precedential and cannot be used as evidence in other proceedings; and

¹² In this decision, we have also granted the joint motion of PG&E and TURN for admission of their respective prepared testimony and PG&E’s workpapers. *See* note 8, *above*.

¹³ Rule 12.1(d).

7. Including general terms and conditions standard in settlement agreements.

3.2. Reasonableness in Light of the Whole Record

The record consists mainly of prepared testimony. Exhibit PGE-01, the prepared testimony of PG&E witness Ryan J. Weber, contains a detailed explanation of each value item in PG&E's initial proposal for a PDSS.¹⁴ PG&E Exhibit PGE-02 contains all of PG&E's workpapers supporting its proposed PDSS. This evidence was countered by TURN Exhibit-01 through TURN Exhibit-03, which is TURN's testimonial evidence addressing (i) PG&E's core gas demand forecast; (ii) PG&E's forecast of electric generation demand; and (iii) limitations on gas supply because of the Redwood Path constraint. Exhibit PGE-03 contains PG&E's rebuttal to TURN's prepared testimony.

The Settlement Agreement changes the following three inputs to PG&E's PDSS analysis:

- (i) Core gas demand forecast (Attachment 1, line 1);
- (ii) Electric generation forecast (Attachment 1, line 3); and
- (iii) Northern and southern supply availability (Attachment 1, line 6).

The revised inputs to PG&E's originally proposed PDSS are within the range of reasonableness, given the evidence submitted by PG&E and TURN. For example, Attachment 1 indicates that PG&E projected at the outset of this proceeding a core gas demand for the 2024/2025 winter of 2,491 million cubic feet per day (MMcfd). TURN Exhibit-02 shows that TURN's position was that the

¹⁴ PG&E's initial projections of the core demand value are presented in Table 3 on page 6 of Mr. Weber's testimony, which was marked and is admitted as Exh. PGE-01.

2024/2025 winter would require no more than 2,392 MMcfd, a reduction of 99 MMcfd from PG&E's original projection. Table 1 in the Joint Motion for Settlement shows that PG&E and TURN agreed on a projection of 2,424 MMcfd for winter season 2024/2025, a reduction of 67 MMcfd from PG&E's initial projection and 32 MMcfd more than TURN projected for the same winter.

The same portions of the evidentiary record reflect a reduction of PG&E's original projection of 2,491 MMcfd for winter 2025/2026 by 66 MMcfd and an increase of TURN's projection of 2,392 MMcfd by 33 MMcfd. For winter season 2026/2027, the parties had a gap of 101 MMcfd between their respective projections, which they split by reducing PG&E's prediction by 66 MMcfd and increasing TURN's prediction by 35 MMcfd.

PG&E and TURN followed precisely the same pattern for the 21 remaining highlighted value projections on Table 1 in the Settlement Agreement which is duplicated as Table 1 in the Joint Motion for Approval of a Settlement and is also replicated in Attachment 1 to this decision. PG&E and TURN confirmed in their Joint Motion for Approval that "The settled amounts for each of these [24 highlighted value] inputs are within the range of the values advocated by PG&E and TURN in their respective testimon[ial evidence]."¹⁵

The decision to split their differences on each of the 24 value factors reflects fair, arms-length negotiations by both PG&E and TURN. We discern no conscious effort by the settling parties to favor one or the other's projections. In addition, there is no evidence to suggest that one party or the other exercised

¹⁵ Joint Motion for Approval of a Settlement, at p. 10.

undue bargaining power or misleading tactics during the negotiations. Accordingly, the record here strongly supports the reasonableness of the Settlement Agreement.

3.3. Consistency with the Law

There are three reasons why the proposed Settlement Agreement is consistent with the law.

First, the mutually agreeable input values incorporated into the Settlement Agreement for the timeframe winter 2024/2025 through winter 2026/2027 are consistent with the Commission's public policy of encouraging settlement of disputed issues.¹⁶

Second, the Settlement Agreement complies with the Scoping Memo, which identified a single issue for this proceeding — whether PG&E fulfilled its obligation under D.23-11-069 to update its PDSS. The Settlement Agreement is fully consistent with this requirement because, as a prelude to reaching the settlement agreement, TURN requested and PG&E provided to TURN extensive information about PG&E's data sources and value quantifications and that information exchange allowed PG&E and TURN to proceed to settle discreet disputes in the manner illustrated in section 3.2 of this decision. The resulting chart, Table 1 of the Settlement Agreement, is the product of PG&E's changed data sources for and new quantifications of the values that we required PG&E to take into account in D.23-11-069.

¹⁶ See D.10-06-038 at 38: "The Commission also takes into consideration a long-standing policy favoring settlements. This policy reduces litigation expenses, conserves scarce Commission resources and allows parties to craft their own solutions reducing the risk of unacceptable outcomes if litigated."

Finally, the Settlement Agreement is consistent with Advice Letter 4886-G that was approved by the Commission on May 23, 2024, with an effective date of March 29, 2024. This advice letter addresses the amount of gas storage withdrawal allocated to PG&E's Core Firm Storage service. Under the Settlement Agreement, Advice Letter 4996-G would remain in effect until the Commission issues a decision in PG&E's 2026 GRC.

3.4. Public's Interest

The parties assert that the Settlement Agreement serves the public's interest because it represents a more efficient way than litigation to resolve highly technical and detailed disputes over the way to project certain features of the PDSS.¹⁷ We agree with their assessment.

Furthermore, the Settlement Agreement expressly recognizes that the parties should have flexibility; it avoids binding either of the parties to the terms of the Settlement Agreement beyond the winter season 2026/2027. For example, the Settlement Agreement recognizes that, in the currently pending PG&E 2026 GRC, the parties may present whatever arguments and evidence they individually wish about how best to project data points (values) in the PDSS for winter seasons following the winter of 2026/2027.¹⁸ The public interest is amply served by allowing both parties freedom to take into account new information

¹⁷ See, e.g., Joint Motion for Settlement at 12–13.

¹⁸ Settlement Agreement at par. 3.11 (“the Settlement is limited to the issues in the PDSS Application proceeding and shall not extend or apply to any substantive issues which may come before the Commission in other or future proceedings”).

and changing circumstances rather than be bound to past data inputs and methodologies for calculating PDSS.

Finally, the Settlement Agreement correctly recognizes that the Commission will not be hampered by the Settlement Agreement from changing its own view on what data points it should consider and the correct use of those data points to calculate PDSS.¹⁹ Thus, the Settlement Agreement is certainly in line with the Commission's longstanding complementary policies that its approval of a settlement does not set a precedent, and settlements are to be favored.²⁰

3.5. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

There were no public comments submitted in this proceeding.

4. Procedural Matters

This decision affirms all rulings made by the ALJ and assigned Commissioner in this proceeding. Except for the Joint Motion for Settlement Approval and Amended Joint Motion for Admission of Testimony and Workpapers, all motions not ruled on are deemed denied. The Joint Motion for

¹⁹ *Ibid.* ("Commission approval and adoption of this Settlement does not constitute approval of or precedent regarding any principle or issue of law or fact in this or any other current or future proceeding").

²⁰ *See ibid.*

Settlement Approval and the Amended Joint Motion for Admission of Testimony and Exhibits are granted by this decision.

5. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and Charles Ferguson is the assigned ALJ in this proceeding.

Findings of Fact

1. D.23-11-069 directed PG&E to file this proceeding concerning the calculation of the PDSS for winter seasons 2024/2025, 2025/2026, and 2026/2027.
2. Ordering Paragraph 12 of D.23-11-069 directed PG&E to update its PDSS for these winter seasons by way of a new application to be filed within 180 days of the issuance of D.23-11-069.
3. PG&E timely filed this proceeding.
4. The calculation of PDSS for the winter season 2027/2028 and beyond is an issue in PG&E's pending 2026 GRC.
5. PG&E and TURN have reached a Settlement Agreement (Attachment 1 to this decision) on all disputed issues, which is unopposed.
6. The Settlement Agreement between PG&E and TURN is reasonable in light of the record, consistent with the law, and in the public interest.

Conclusions of Law

1. The Joint Motion for Settlement Approval should be granted.
2. The Amended Joint Motion for Admission of Testimony and Workpapers should be granted, and the following documents should be admitted into the evidentiary record in this proceeding: Exhibits PGE-01, PGE-02, PGE-03, TURN-01, TURN-02, and TURN-03.

3. Any pending motions that are not expressly ruled upon by the assigned Commissioner, the ALJ or this decision, should be denied.

4. A.24-07-020 should be closed.

O R D E R

IT IS ORDERED:

1. The Amended Joint Motion of Pacific Gas and Electric Company and The Utility Reform Network for Admission of Testimony and Workpapers Into Evidence is granted. The following documents are admitted into the evidentiary record in this proceeding: Exhibits PGE-01, PGE-02, PGE-03, TURN-01, TURN-02, and TURN-03.

2. The Joint Motion of Pacific Gas and Electric Company and The Utility Reform Network for Approval of a Settlement of All Issues in the Peak Day Supply Standard Application is granted, and the Settlement Agreement attached to this decision at Attachment 1 is approved.

3. All outstanding motions filed in this proceeding that have not yet been ruled on are denied.

4. Application 24-07-020 is closed.

5. This order is effective today.

Dated May __, 2026, at San Francisco, California.

ATTACHMENT 1

**Settlement Agreement Between Pacific Gas and Electric
Company and The Utility Reform Network**

